

POSTSECONDARY EDUCATION IN KENTUCKY

AN ASSESSMENT

A REPORT TO THE TASK FORCE
ON POSTSECONDARY EDUCATION

MARCH 1997



TASK FORCE ON POSTSECONDARY EDUCATION

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MARCH 10, 1997

MEMBERS OF THE TASK FORCE ON POSTSECONDARY EDUCATION,
MEMBERS OF THE GENERAL ASSEMBLY, AND
CITIZENS OF THE COMMONWEALTH OF KENTUCKY

Fellow Kentuckians:

As chair of the Task Force on Postsecondary Education, I am providing this report, *Postsecondary Education in Kentucky - An Assessment*, to Task Force members, members of the General Assembly and the citizens of the Commonwealth. This document is a summary of information gathered by the Task Force, which has studied the status of Kentucky's postsecondary education system for many months.

Acknowledging the critical importance of postsecondary education to Kentucky, the 1996 General Assembly adopted Senate Concurrent Resolution 93, which created the Task Force on Postsecondary Education. The 18 members, representing both the executive and legislative branches of state government, began meeting monthly in July 1996 and quickly embraced the following goal:

*TO ASSURE THAT KENTUCKY'S POSTSECONDARY EDUCATION AND
TECHNICAL EDUCATION SYSTEM IS POSITIONED TO PROVIDE THE HUMAN
CAPITAL NEEDED TO ALLOW THE COMMONWEALTH TO BE A LEADER IN
THE GLOBAL ECONOMY OF THE 21ST CENTURY.*

Since July, a great deal of effort has been given to reviewing previous studies and to seeking input from consumers and providers of postsecondary education. The Commission on Higher Education Institutional Efficiency and Cooperation was created by executive order to include university presidents and other postsecondary education stakeholders in the review. In August 1996, approximately 275 citizens from across Kentucky were invited to organize into 10 advisory groups. These advisory groups included business leaders, university presidents, private school presidents, university and community college students and faculty, as well as members of various boards and councils, vocational/technical programs, proprietary schools, and other special interest groups. All of these groups were charged with developing position papers to identify critical issues and make recommendations to the Task Force.

Additionally, the Task Force utilized consultants, including the National Center for Higher Education Management Systems (NCHEMS), and the Education Commission of the States (ECS). NCHEMS assisted the Task Force by analyzing the issues and problems and took a lead role in assembling this document.

Specific recommendations for change are not provided, although a strong case is made for the need to reform Kentucky's postsecondary education system. This assessment outlines the importance of Kentucky's postsecondary education system to its future, the barriers to achieving an efficient and coordinated system, and the goals for creating a comprehensive postsecondary education system.

I encourage you to read this document carefully and consider its information as we begin to discuss the appropriate solutions for the reform of our postsecondary education system in the Commonwealth.

Sincerely,

A handwritten signature in cursive script, reading "Paul E. Patton". The signature is fluid and elegant, with a long horizontal flourish extending to the right.

Governor Paul E. Patton

Chair, Task Force on Postsecondary Education

BARRIER II — NO LINKAGE TO A STATEWIDE STRATEGIC MISSION

The state's postsecondary institutions are not linked to the state's strategic goals. Today, institutions have no incentive to look beyond their individual campuses as they establish policy goals. For example, one institutional board member noted that he could never recall during board deliberations discussing the relevance of campus programs to the economic development needs of the state.

The Council on Higher Education has a strategic plan. However, this plan is not developed with input from the governor and legislative leaders. Instead, it is negotiated with the institutions; therefore, institutional priorities, and not state priorities, emerge. The Council's strategic plan also is for a short term of five years and does not reflect a public agenda for postsecondary education linked to a long-term vision for the state. A strategic vision for the institutions must be developed to ensure their policy directives and funding decisions link them as full partners in the achievement of state goals.

BARRIER III — A LACK OF STRATEGIC FINANCIAL PLANNING

The allocation of resources drives postsecondary education decisions. In 1982,

a "formula" was developed to ensure fair and equitable allocation of funds among the higher education institutions. It was anticipated that a "formula" would decrease the political infighting and turf battles that had existed among these institutions. (The Kentucky TECH system is not funded according to the formula. Appropriations for this system are provided through the state general fund for the Workforce Development Cabinet.)

This funding formula model consisted of two components: (1) an analysis of the funding needs of higher education in Kentucky compared to funding levels in surrounding states; and (2) a distribution policy to determine the allocation of funds among the institutions. The first component of the formula identified the funding needs of higher education for the governor and General Assembly. The level of appropriations to higher education never achieved these funding needs as identified by the "formula." The formula distribution policy instead was used to allocate appropriated funds among the institutions.

The formula served higher education well during much of the 1980s. This was a period of enrollment growth and the formula was primarily enrollment driven. That is, as campus enrollments grew, the formula provided for an increased need for appropriations based upon increased student credit hour production. An underlying principle of the formula was the con-

cept of “common funding for common activities.” Each instructional activity on the campuses generated similar funding, i.e., a student credit hour of introductory English was valued the same at one institution as at another institution. The formula provided for a three-year average of student credit hour production to determine campus funding needs. Hence, as campus enrollments grew, the formula provided a buffer for the state.

While the universities have accepted the formula as a means for allocating state resources, problems with the formula and the broader higher education funding environment have emerged, for example:

- Institutions have discovered that they may seek additional appropriations, or “add-ons,” outside the formula. Institutions may identify programs and activities and seek political support to fund these activities even when they are not funded as part of the formula. Once a campus has a program or activity funded as an “add-on” outside the formula, this additional funding becomes part of the institution’s recurring base. As a result, institutions have had strong incentives to seek appropriations that are not part of the formula calculation.
- The formula rewards growth. However, an enrollment-driven formula in a period of changing demographics re-
- wards the wrong types of behavior. The formula provides funding incentives to enroll students who, in many cases, should not be enrolled in the four-year institutions, i.e., many of the institutions receive additional funding for the provision of remedial education in English and mathematics. Therefore, the formula suggests to the college campuses that quality is much less important than quantity of courses.
- The formula encourages competition among the institutions for the same pool of students. Again, the changing demographics of the 1990s has meant that institutions were often competing with each other for the same students. Students who might be better served by enrolling in the community college system (or the Kentucky TECH system) are often encouraged to attend the four-year institutions.
- The formula offers no direct incentives for collaboration and coordination. In fact, collaborative and cooperative efforts can be stifled because of concerns by the campuses as to which will receive rewards for the production of student credit hours.
- The formula has lost credibility with both the executive branch and the General Assembly. In recent years,

budget requests recommended by the Council on Higher Education were often viewed as being unrealistic and, in some budget years, the formula would call for nearly all the increase in state revenues to be appropriated to higher education. As a result of this loss of confidence, the formula was totally disregarded by policy makers in both the executive and legislative branches in both the 1992 and 1994 biennial budgets.

- The formula does not provide sufficient incentives for enhanced national competitiveness of research and graduate programs, nor differentiated missions at the regional institutions or shared program delivery among institutions.

While some might suggest that the formula has served Kentucky well, the formula must be modified to create incentives for change. The current formula is a barrier to the postsecondary education system's ability to accomplish its goals. A revised funding approach must be undertaken that provides strong financial incentives for institutions to eliminate unnecessary programs, to take other actions to improve productivity, and to generate resources for new initiatives. A new formula directly linked to a statewide public agenda is necessary.

BARRIER IV — A LACK OF STRATEGIC PLANNING FOR TECHNOLOGY

Technological access is key to reaching remote areas of the Commonwealth and place-bound individuals or employed workers wishing to participate in postsecondary programs. The increasing numbers of nontraditional learners offer new access challenges. These students, often returning adults, have jobs and careers as well as family who depend on them. They must juggle schedules and finances to go to college. Few programs exist within the state that are planned specifically for "just in time" learning or for the student who can pursue a degree only within alternative time and place options.

Kentucky has an enviable emerging capability through the statewide communications "backbone" and the availability of interactive classrooms. However, these systems are already approaching maximum utilization and *no statewide commitment exists to strategically plan for the deployment of technology*. Decisions about technology are left to the individual campus leadership or the Workforce Development Cabinet.

Degrees of technological advancement vary from campus to campus, especially at the collegiate level. Postsecondary technical and community college campuses also fail to maximize scarce resources in this